

# State of the California Banking Industry

Prepared for  
DFI / CBA Roundtable  
May 26, 2011

# Banks by Regional Office



# Changes Among State Banks in 2010

## Dollar Amounts in Thousands

	#	\$
<b><u>Number of state banks and total assets as of 1/1/10</u></b>	<b><u>217</u></b>	<b><u>236,531,913</u></b>
# Failed	(9)	(4,789,573)
# Merged out of business	(9)	(1,316,633)
# Converted to national charter	0	0
# Ceased doing business	0	0
# Opened	1	22,377,633
# Converted to state charter	1	693,542
State banks that acquired other banks	9	1,448,321
<b><u>State banks that did not acquire other banks</u></b>	<b><u>190</u></b>	<b><u>156,608</u></b>
<b>Number of state banks and total assets as of 12/31/10</b>	<b>201</b>	<b>255,101,811</b>
<b>Net change:</b>	<b>(16)</b>	<b>18,569,898</b>

# Changes Among State Banks 2005 – 2010

## Dollar Amounts in Thousands

	#	\$
<b><u>Number of state banks and total assets as of 1/1/05</u></b>	<b><u>189</u></b>	<b><u>172,470,243</u></b>
# Failed	(21)	(32,688,708)
# Merged out of business	(42)	(16,576,945)
# Converted to national charter	(2)	(4,456,770)
# Ceased doing business	(2)	(7,666,124)
# Opened	71	39,880,175
# Converted to state charter	8	13,442,416
State banks that acquired other banks	24	56,561,061
<u>State banks that did not acquire other banks</u>	<u>107</u>	<u>34,136,463</u>
<b>Number of state banks and total assets as of 12/31/10</b>	<b>201</b>	<b>255,101,811</b>
<b>Net change:</b>	<b>12</b>	<b>82,631,568</b>

# State / National Bank Comparison

## California Headquartered Institutions

(as of 3/31/11)

	<u># State</u>	<u>% of total</u>	<u># Natl</u>	<u>% of total</u>	<u># FSBs</u>	<u>% of total</u>
< \$100MM	26	13%	5	10%	0	0%
\$100MM - \$500MM	113	57%	32	65%	10	50%
\$500MM - \$2B	40	20%	5	10%	8	40%
\$2B - \$10B	13	7%	2	4%	1	5%
Over \$10B	6	3%	5	10%	1	5%
Total	198	100%	49	100%	20	100%

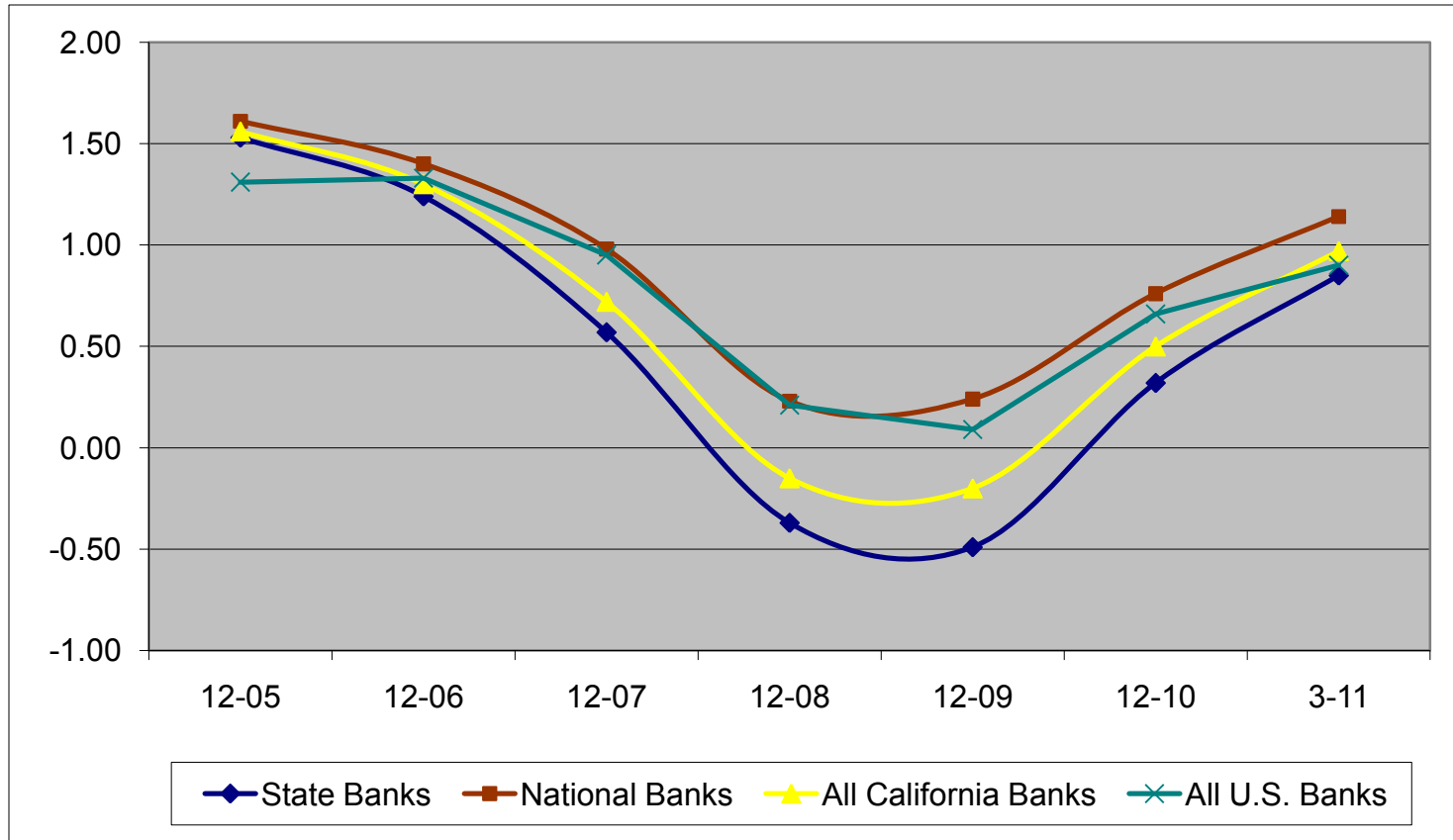
# State / National Bank Comparison

## Total Asset Size (as of 3/31/11)

	<u>\$ State</u>	<u>% of Total</u>	<u>\$ Natl</u>	<u>% of Total</u>	<u>\$ FSBs</u>	<u>% of Total</u>
< \$100MM	1.9	1%	0.3	0%	0.0	0%
\$100MM - \$500MM	26.6	10%	6.3	4%	3.0	7%
\$500MM - \$2B	40.3	16%	4.5	3%	9.2	22%
\$2B - \$10B	48.3	19%	8.0	5%	3.5	8%
\$10B and >	141.9	55%	156.2	89%	26.7	63%
Total	259.0	100%	175.3	100%	42.5	100%

Total assets in billions of dollars

# Return on Assets



# Return on Assets by Quintile\*

## State Chartered Commercial and Industrial Banks

**Annualized year-to-date through March 31, 2011**

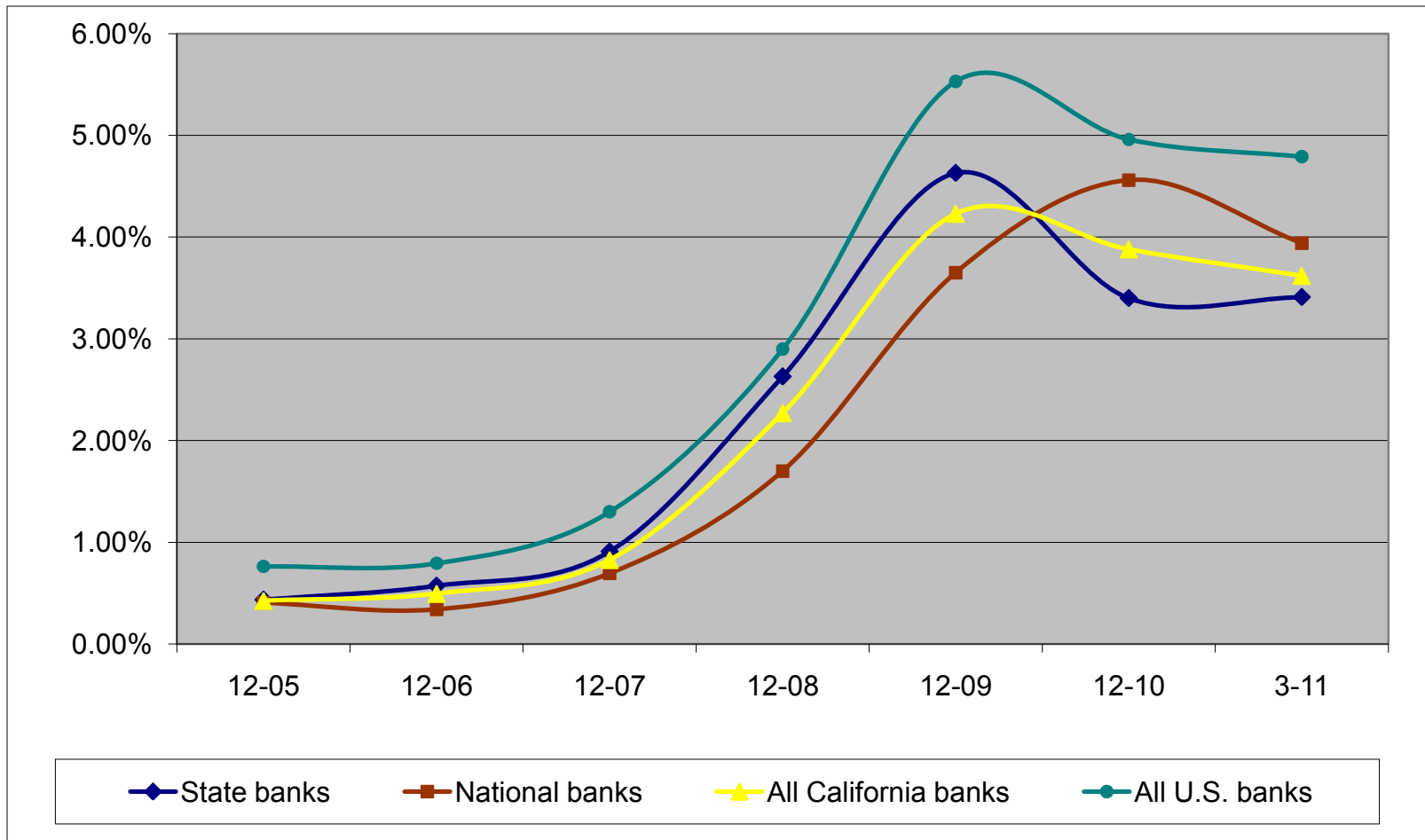
Asset Size	Less than \$100MM	\$100 to \$500MM	\$500MM to \$2 Billion	\$2 Billion and More**	Total
Number of Banks	26	113	40	19	198
First Quintile	1.4	1.5	1.7	1.6	1.7
Second Quintile	0.6	0.8	0.8	1.1	0.9
Third Quintile	0.3	0.5	0.6	0.9	0.5
Fourth Quintile	-0.5	0.2	0.3	0.6	0.2
Fifth Quintile	-1.9	-1.1	-1.3		-1.3
Total	0.2	0.6	0.6	0.9	0.8

\* Quintiles of equal sizes are created by dropping off first the highest then the lowest ratio in each group until the number of institutions is divisible by 5.

\*\* Due to the small population in this category, it was divided into four equal sized groups.



# Noncurrent Loans and Leases to Total Loans and Leases



## Noncurrent Loans & Leases / Total Loans & Leases by Quintile\*

### State Chartered Commercial and Industrial Banks

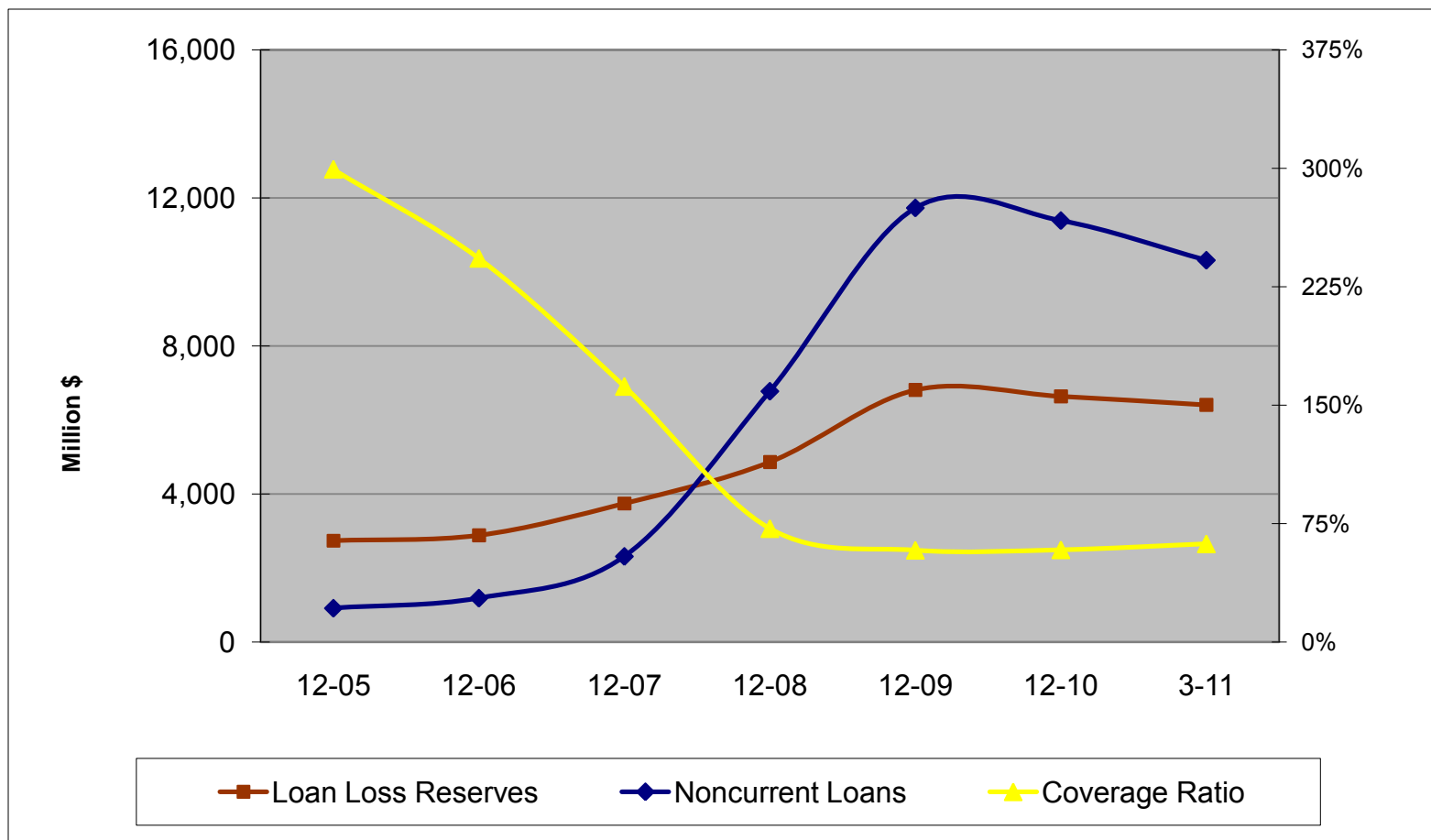
**As of March 31, 2011**

Asset Size	Less than \$100MM	\$100 to \$500MM	\$500MM to \$2 Billion	\$2 Billion and More**	Total
Number of Banks	26	113	40	19	198
First Quintile	5.7	10.0	9.2	4.5	9.2
Second Quintile	3.3	4.6	5.2	4.2	4.5
Third Quintile	1.1	2.7	3.4	3.5	3.0
Fourth Quintile	0.1	1.2	2.2	2.0	1.3
Fifth Quintile	0.0	0.2	0.6		0.1
Total	2.5	3.7	4.1	3.3	3.4

\* Quintiles of equal sizes are created by dropping off first the highest then the lowest ratio in each group until the number of institutions is divisible by 5.

\*\* Due to the small population in this category, it was divided into four equal sized groups.

# Loan Loss Reserves vs. Noncurrent Loans and Leases



# Reserves for Loans / Noncurrent Loans & Leases by Quintile\*

## State Chartered Commercial and Industrial Banks

As of March 31, 2011

Asset Size	Less than \$100MM	\$100 to \$500MM	\$500MM to \$2 Billion	\$2 Billion and More**	Total
Number of Banks	26	113	40	19	198
First Quintile	∞	∞	972.5	107.3	∞
Second Quintile	∞	200.2	111.2	85.1	181.1
Third Quintile	244.7	94.1	77.1	70.2	90.3
Fourth Quintile	81.0	57.8	53.6	51.8	59.7
Fifth Quintile	41.3	33.5	30.4		34.1
Total	114.8	74.1	70.1	68.2	69.5

\* Quintiles of equal sizes are created by dropping off first the highest then the lowest ratio in each group until the number of institutions is divisible by 5.

\*\* Due to the small population in this category, it was divided into four equal sized groups.

# Commercial Real Estate Loans / Tier 1 Capital by Quintile\*

## State Chartered Commercial and Industrial Banks

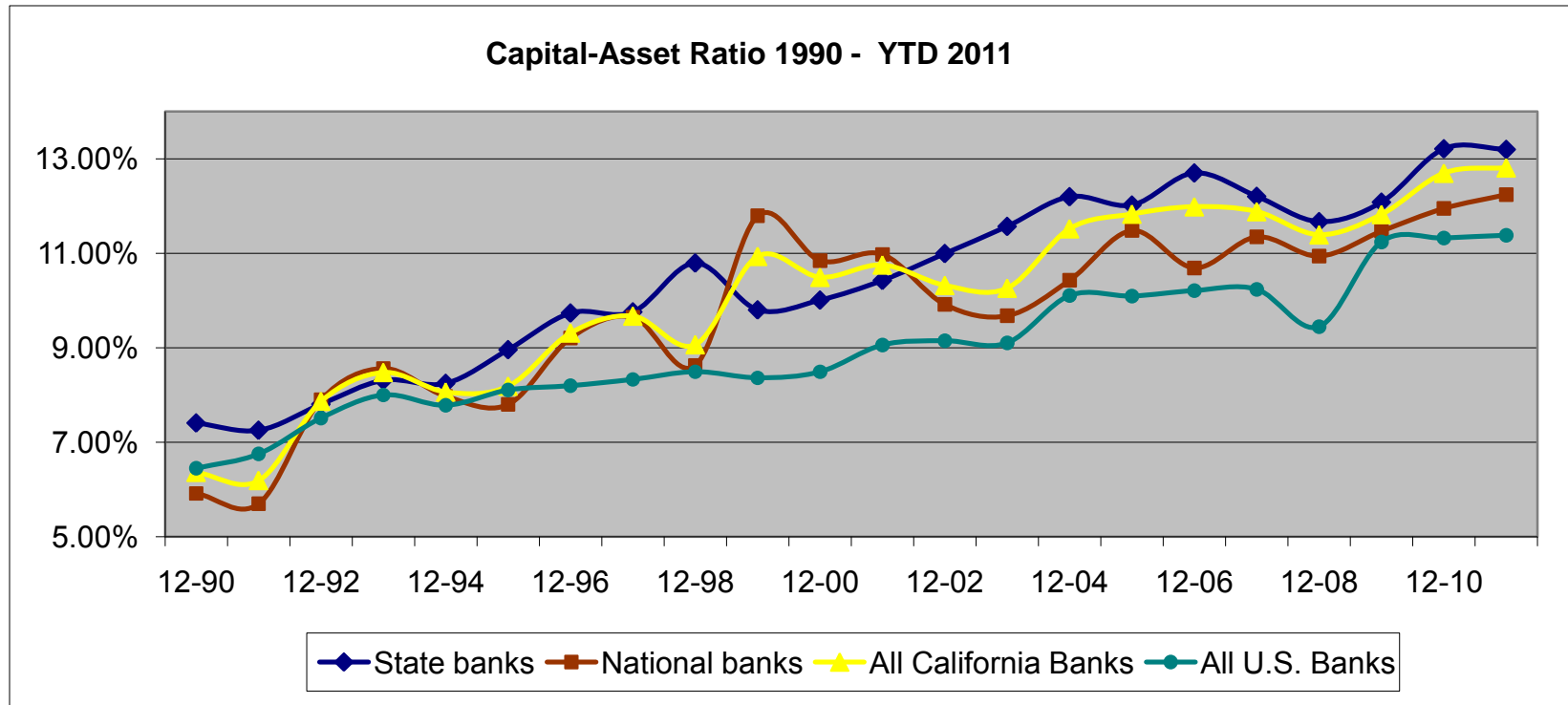
As of March 31, 2011

Asset Size	Less than \$100MM	\$100 to \$500MM	\$500MM to \$2 Billion	\$2 Billion and More**	Total
Number of Banks	26	113	40	19	198
First Quintile	536.2	660.3	626.9	520.2	654.9
Second Quintile	367.7	469.5	434.1	391.0	451.4
Third Quintile	293.3	390.9	323.4	320.7	368.3
Fourth Quintile	234.2	316.1	272.6	215.7	286.5
Fifth Quintile	119.3	169.3	154.2		154.5
Total	272.4	353.5	302.1	278.2	291.7

\* Quintiles of equal sizes are created by dropping off first the highest then the lowest ratio in each group until the number of institutions is divisible by 5.

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# Capital Adequacy



# Equity Capital / Assets by Quintile\*

## State Chartered Commercial and Industrial Banks

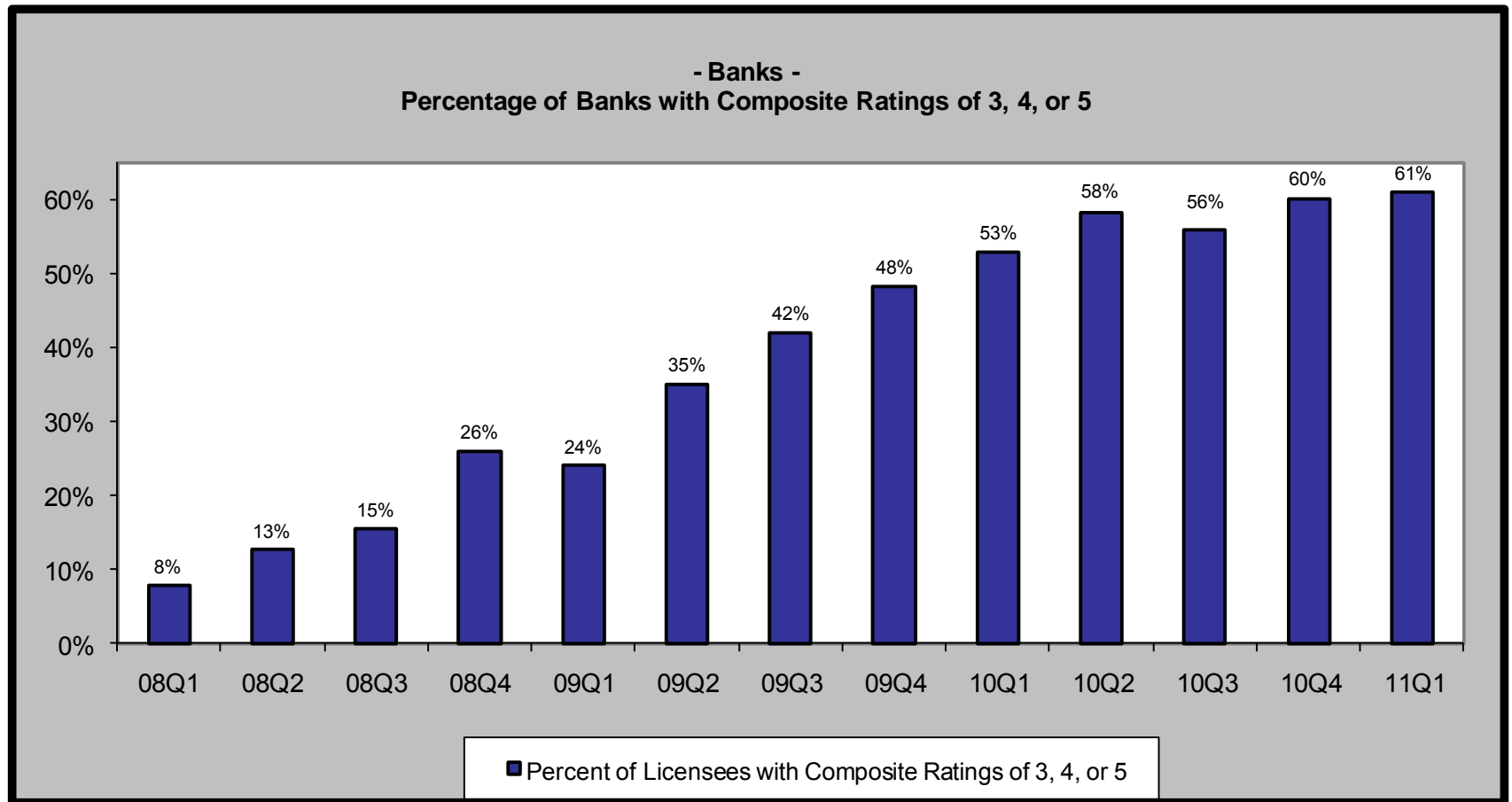
**As of March 31, 2011**

Asset Size	Less than \$100MM	\$100 to \$500MM	\$500MM to \$2 Billion	\$2 Billion and More**	Total
Number of Banks	26	113	40	19	198
First Quintile	27.1	19.5	21.2	13.9	21.9
Second Quintile	17.1	12.9	13.1	11.7	13.2
Third Quintile	12.3	11.4	11.5	10.3	11.5
Fourth Quintile	10.3	10.2	10.2	9.1	10.2
Fifth Quintile	7.1	8.1	7.7		8.0
Total	15.5	13.9	12.6	13.1	13.2

\* Quintiles of equal sizes are created by dropping off first the highest then the lowest ratio in each group until the number of institutions is divisible by 5.

\*\* Due to the small population in this category, it was divided into four equal sized groups.

# Increase in Problem Banks





# Examination Trends

		CURRENT RATING				
		1	2	3	4	5
PRIOR RATING	none	0	0	1	0	0
	1	4	2	0	0	0
	2	0	64	31	6	0
	3	0	7	39	13	1
	4	0	0	7	14	5
	5	0	0	0	0	2

	Declining
	Stable
	Improving

# Watchlist Trending as of May 2010

<u>Exam Rating</u>	<u># Improving</u>	<u># Stable</u>	<u># Deteriorating</u>
3	29	29	12
4	7	5	18
<u>5</u>	<u>0</u>	<u>2</u>	<u>6</u>
All	36	36	36

# California Bank and Thrift Failures

## All Charter Types, 2009 – Present

<u>Name</u>	<u>Type</u>	<u>City</u>	<u>Total Assets (000)*</u>	<u>Date Closed</u>
1st Centennial Bank	State	Redlands	797,959	1/23/09
Alliance Bank	State	Culver City	1,113,361	2/6/09
County Bank	State	Merced	1,711,552	2/6/09
First Bank of Beverly Hills	State	Calabasas	1,260,354	4/24/09
MetroPacific Bank	State	Irvine	75,316	6/26/09
Mirae Bank	State	Los Angeles	480,619	6/26/09
Temecula Valley Bank	State	Temecula	1,396,622	7/17/09
Vineyard Bank, N. A.	National	Rancho Cucamonga	1,638,378	7/17/09
Affinity Bank	State	Ventura	1,211,431	8/28/09
San Joaquin Bank	State	Bakersfield	766,359	10/16/09
California National Bank	National	Los Angeles	7,781,100	10/30/09
Pacific National Bank	National	San Francisco	2,319,263	10/30/09

\* Total assets are as of quarter-end prior to failure.

# California Bank and Thrift Failures

## All Charter Types, 2009 – Present

<u>Name</u>	<u>Type</u>	<u>City</u>	<u>Total Assets (000)*</u>	<u>Date Closed</u>
San Diego National Bank	National	San Diego	3,594,544	10/30/09
United Commercial Bank	State	San Francisco	10,895,336	11/6/09
Pacific Coast National Bank	National	San Clemente	131,418	11/13/09
First Federal Bank of California	FSB	Santa Monica	6,143,903	12/18/09
Imperial Capital Bank	State	La Jolla	4,046,888	12/18/09
First Regional Bank	State	Los Angeles	2,082,684	1/29/10
La Jolla Bank, FSB	FSB	La Jolla	3,646,071	2/19/10
Innovative Bank	State	Oakland	268,891	4/16/10
Tamalpais Bank	State	San Rafael	628,903	4/16/10
1st Pacific Bank of California	State	San Diego	335,798	5/7/10
Granite Community Bank, N.A.	National	Granite Bay	102,913	5/28/10
Butte Community Bank	State	Chico	498,751	8/20/10

\* Total assets are as of quarter-end prior to failure.

# California Bank and Thrift Failures

## All Charter Types, 2009 – Present

<u>Name</u>	<u>Type</u>	<u>City</u>	<u>Total Assets (000)*</u>	<u>Date Closed</u>
Los Padres Bank	FSB	Solvang	901,516	8/20/10
Pacific State Bank	State	Stockton	312,077	8/20/10
Sonoma Valley Bank	State	Sonoma	337,113	8/20/10
First Vietnamese American Bank	State	Westminster	51,877	11/5/10
Western Commercial Bank	State	Woodland Hills	110,603	11/5/10
Canyon National Bank	National	Palm Springs	210,859	2/11/11
Charter Oak Bank	State	Napa	120,833	2/18/11
San Luis Trust Bank	FSB	San Luis Obispo	332,596	2/18/11

\* Total assets are as of quarter-end prior to failure.

# California Bank and Thrift Failures 2009 – Present

Total Bank Failures 2009:	#	17
	\$	\$45,364,403
Total Bank Failures 2010:	#	12
	\$	9,277,197
Total Bank Failures 2011:	#	3
	\$	664,288

# California Bank and Thrift Failures

## 2009 – Present

	<u>2009</u>	<u>2010</u>	<u>2011</u>
# Total Failures	17	12	3
# State	11	9	1
# Natl	5	1	1
#FSBs	1	2	1
\$ State	23,755,797	4,626,697	120,833
\$ Natl	15,464,703	102,913	210,859
\$FSBs	6,143,903	4,547,587	332,596

\* Total assets are in thousands as of quarter-end prior to failure.

# California Chartered Institutions

## Completed Capital Offerings

### 2009 – Present

<u>Name</u>	<u>City</u>	<u>Date</u>	<u>Funding Type</u>	<u>Offering Amount (\$000)</u>
PacWest Bancorp	Los Angeles	1/14/09	Common Equity	100,000
Valley Republic Bank	Bakersfield	2/2/09	Common Equity	24,619
Preferred Bank	Los Angeles	2/11/09	Senior Debt	26,000
Pacific Valley Bank	Salinas	2/19/09	Common Equity	1,502
Bank of the West	San Francisco	3/23/09	Senior Debt	1,000,000
Plaza Bank	Irvine	6/5/09	Common Equity	17,663
East West Bancorp, Inc.	Pasadena	7/14/09	Common Equity	27,500
East West Bancorp, Inc.	Pasadena	7/20/09	Common Equity	69,850
CVB Financial Corp.	Ontario	7/21/09	Common Equity	115,245
PacWest Bancorp	Los Angeles	8/25/09	Common Equity	50,000
Sierra Bancorp	Porterville	8/28/09	Common Equity	21,285
Hanmi Financial Corporation	Los Angeles	9/4/09	Common Equity	6,946
Preferred Bank	Los Angeles	9/9/09	Common Equity	17,029



# California Chartered Institutions

## Completed Capital Offerings

### 2009 – Present (Continued)

<u>Name</u>	<u>Location</u>	<u>Date</u>	<u>Funding Type</u>	<u>Offering Amount (\$000)</u>
Plaza Bank	Irvine	9/29/09	Common Equity	5,000
Cathay General Bancorp	El Monte	9/30/09	Common Equity	32,379
Pacific Valley Bank	Salinas	9/30/09	Common Equity	1,900
Cathay General Bancorp	El Monte	10/13/09	Common Equity	70,435
First Republic Bank	San Francisco	10/15/09	Common Equity	100
Nara Bancorp, Inc.	Los Angeles	10/21/09	Common Equity	75,000
Pacific Premier Bancorp, Inc.	Costa Mesa	11/4/09	Common Equity	15,000
East West Bancorp, Inc.	Pasadena	11/6/09	Preferred Equity	335,047
East West Bancorp, Inc.	Pasadena	11/6/09	Common Equity	164,953
Plaza Bank	Irvine	11/12/09	Common Equity	1,218
SVB Financial Group	Santa Clara	11/18/09	Common Equity	300,300
Center Financial Corporation	Los Angeles	11/30/09	Common Equity	1,510
Center Financial Corporation	Los Angeles	11/30/09	Common Equity	11,271

# California Chartered Institutions

## Completed Capital Offerings

### 2009 – Present (Continued)

<u>Name</u>	<u>Location</u>	<u>Date</u>	<u>Funding Type</u>	<u>Offering Amount (\$000)</u>
Pacific Mercantile Bancorp	Costa Mesa	12/3/09	Preferred Equity	1,650
American River Bankshares	Rancho Cordova	12/7/09	Common Equity	22,000
Pacific Mercantile Bancorp	Costa Mesa	12/9/09	Preferred Equity	5,250
Pacific Mercantile Bancorp	Costa Mesa	12/18/09	Preferred Equity	950
Pacific Mercantile Bancorp	Costa Mesa	12/21/09	Preferred Equity	200
Central Valley Community Bancorp	Fresno	12/23/09	Common Equity	6,641
Central Valley Community Bancorp	Fresno	12/23/09	Preferred Equity	1,359
Cathay General Bancorp	El Monte	12/24/09	Common Equity	12,550
Citizens Bancorp	Nevada City	12/28/09	Common Equity	1,576
Sierra Vista Bank	Folsom	12/30/09	Common Equity	1,232
Center Financial Corporation	Los Angeles	12/31/09	Preferred Equity	73,500
Circle Bancorp	Novato	12/31/09	Preferred Equity	650
Mission Valley Bancorp	Sun Valley	12/31/09	Preferred Equity	4,580

# California Chartered Institutions

## Completed Capital Offerings

### 2009 – Present (Continued)

<u>Name</u>	<u>Location</u>	<u>Date</u>	<u>Funding Type</u>	<u>Offering Amount (\$000)</u>
Pacific Valley Bank	Salinas	12/31/09	Common Equity	500
Pinnacle Bank	Morgan Hill	12/31/09	Common Equity	1,900
Cathay General Bancorp	El Monte	2/1/10	Common Equity	115,000
Pacific Mercantile Bancorp	Costa Mesa	2/26/10	Preferred Equity	500
Pacific Valley Bank	Salinas	3/1/10	Common Equity	3,000
Saehan Bancorp	Los Angeles	3/9/10	Common Equity	60,573
Heritage Oaks Bancorp	Paso Robles	3/12/10	Preferred Equity	52,088
Heritage Oaks Bancorp	Paso Robles	3/12/10	Preferred Equity	3,866
First California Financial Group, Inc.	Westlake Village	3/18/10	Common Equity	36,000
Bank of Commerce Holdings	Redding	3/23/10	Common Equity	30,600
Pacific Mercantile Bancorp	Costa Mesa	3/31/10	Preferred Equity	300
Seacoast Commerce Bank	Chula Vista	3/31/10	Common Equity	3,200
Community Bank of the Bay	Oakland	4/5/10	Common Equity	5,000

# California Chartered Institutions

## Completed Capital Offerings

### 2009 – Present (Continued)

<u>Name</u>	<u>Location</u>	<u>Date</u>	<u>Funding Type</u>	<u>Offering Amount (\$000)</u>
North Valley Bancorp	Redding	4/20/10	Preferred Equity	40,000
Mission Community Bancorp	San Luis Obispo	4/27/10	Common Equity	10,000
Circle Bancorp	Novato	4/30/10	Preferred Equity	2,870
Citizens Bancorp	Nevada City	4/30/10	Common Equity	100
Pacific Mercantile Bancorp	Costa Mesa	5/7/10	Preferred Equity	805
Ventura County Business Bank	Oxnard	5/19/10	Common Equity	9,359
Heritage Oaks Bancorp	Paso Robles	6/8/10	Preferred Equity	4,072
Mission Community Bancorp	San Luis Obispo	6/15/10	Common Equity	15,000
Heritage Commerce Corp	San Jose	6/21/10	Preferred Equity	53,996
Heritage Commerce Corp	San Jose	6/21/10	Preferred Equity	21,004
Preferred Bank	Los Angeles	6/21/10	Preferred Equity	77,000
Valley Republic Bank	Bakersfield	6/28/10	Common Equity	11,956
Pacific Mercantile Bancorp	Costa Mesa	6/30/10	Preferred Equity	1,250

# California Chartered Institutions

## Completed Capital Offerings

### 2009 – Present (Continued)

<u>Name</u>	<u>Location</u>	<u>Date</u>	<u>Funding Type</u>	<u>Offering Amount (\$000)</u>
Seacoast Commerce Bank	Chula Vista	6/30/10	Common Equity	1,800
First Republic Bank	San Francisco	7/1/10	Common Equity	1,862,000
Community Bank of the Bay	Oakland	7/19/10	Common Equity	7,700
Plaza Bank	Irvine	7/22/10	Common Equity	15,000
Hanmi Financial Corporation	Los Angeles	7/27/10	Common Equity	47,282
Hanmi Financial Corporation	Los Angeles	7/27/10	Common Equity	72,718
Bay Commercial Bank	Walnut Creek	8/5/10	Common Equity	18,000
Pacific Mercantile Bancorp	Costa Mesa	8/12/10	Preferred Equity	1,750
SVB Financial Group	Santa Clara	9/15/10	Senior Debt	350,000
Security California Bancorp	Riverside	9/16/10	Common Equity	20,000
River City Bank	Sacramento	9/28/10	Common Equity	10,000
River City Bank	Sacramento	9/28/10	Preferred Equity	10,000
Sierra Bancorp	Porterville	10/13/10	Common Equity	23,250

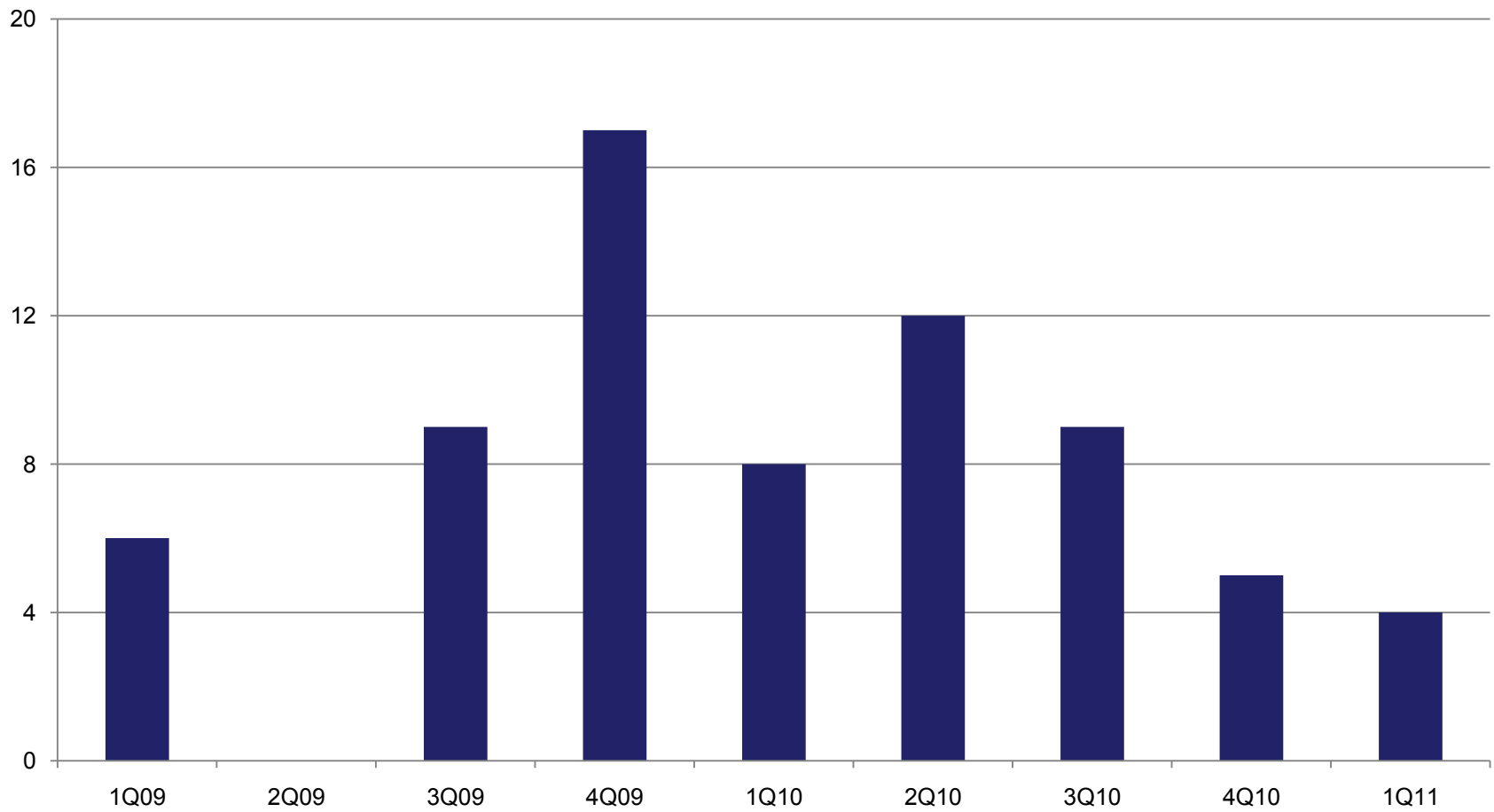
# California Chartered Institutions

## Completed Capital Offerings

### 2009 – Present (Continued)

<u>Name</u>	<u>Location</u>	<u>Date</u>	<u>Funding Type</u>	<u>Offering Amount (\$000)</u>
NorCal Community Bancorp	Alameda	11/12/10	Common Equity	7,450
Santa Cruz County Bank	Santa Cruz	11/19/10	Common Equity	2,501
First Republic Bank	San Francisco	12/9/10	Common Equity	280,500
Mission Community Bancorp	San Luis Obispo	12/15/10	Common Equity	3,743
Pacific Commerce Bank	Los Angeles	1/13/11	Common Equity	5,000
California United Bank	Encino	3/31/11	Common Equity	10,266
Wilshire Bancorp, Inc.	Los Angeles	5/12/11	Common Equity	100,000
Open Bank	Los Angeles	5/13/11	Common Equity	11,148
<b>Total</b>				<b>\$6,043,937</b>

# California Chartered Institutions Completed Capital Offerings by Quarter



# Equity Offerings by California State Chartered Banks Since 2009

- 43 state-chartered banks in California or their BHCs completed 86 equity offerings that raised \$6.0 billion.
- Number of completed offerings by CAMELS rating at the time of the offering:

<u>CAMELS</u>	<u>Rating at Offering Date</u>
1	0
2	22
3	35
4	19
5	6
<u>Unrated</u>	<u>4</u>
Total	86



# Capital Purchase Program

## All California Banks

Period Ending 3/31/2011 (in million \$s)

<u>Type of Bank</u>	Number that <u>Accepted</u>	Total <u>Purchase</u>	Total Capital <u>Repayment</u>	Total Treasury <u>CPP Investment</u>	Number of Banks <u>Remaining</u>
State Banks	53	1,948.8	800.7	1,148.2	42
National Banks	15	686.7	417.6	269.1	10
Federal Savings Banks	5	46.5	24.2	22.3	3
Total	73	\$2,682.0	\$1,242.4	\$1,439.6	55

# Small Business Lending Fund

## State Banks - as of 5/17/2011

<u>Current Status - Applications</u>	<u>Number / Amount</u>
Application Review & Decisioning	14
Asset Manager Assessment	11
FBA/State Consultation	18
Preliminary Eligibility Check	4
Withdrawn During Preliminary Eligibility Check	1
Total	48

<u>Preliminary Eligibility Check</u>	
Done	43
Pending	4
N/A	1

<u>CPP/CDCI Refinance?</u>	
Yes	23
No	25

# Small Business Lending Fund

## State Banks - as of 5/17/2011

Dollar amounts in thousands

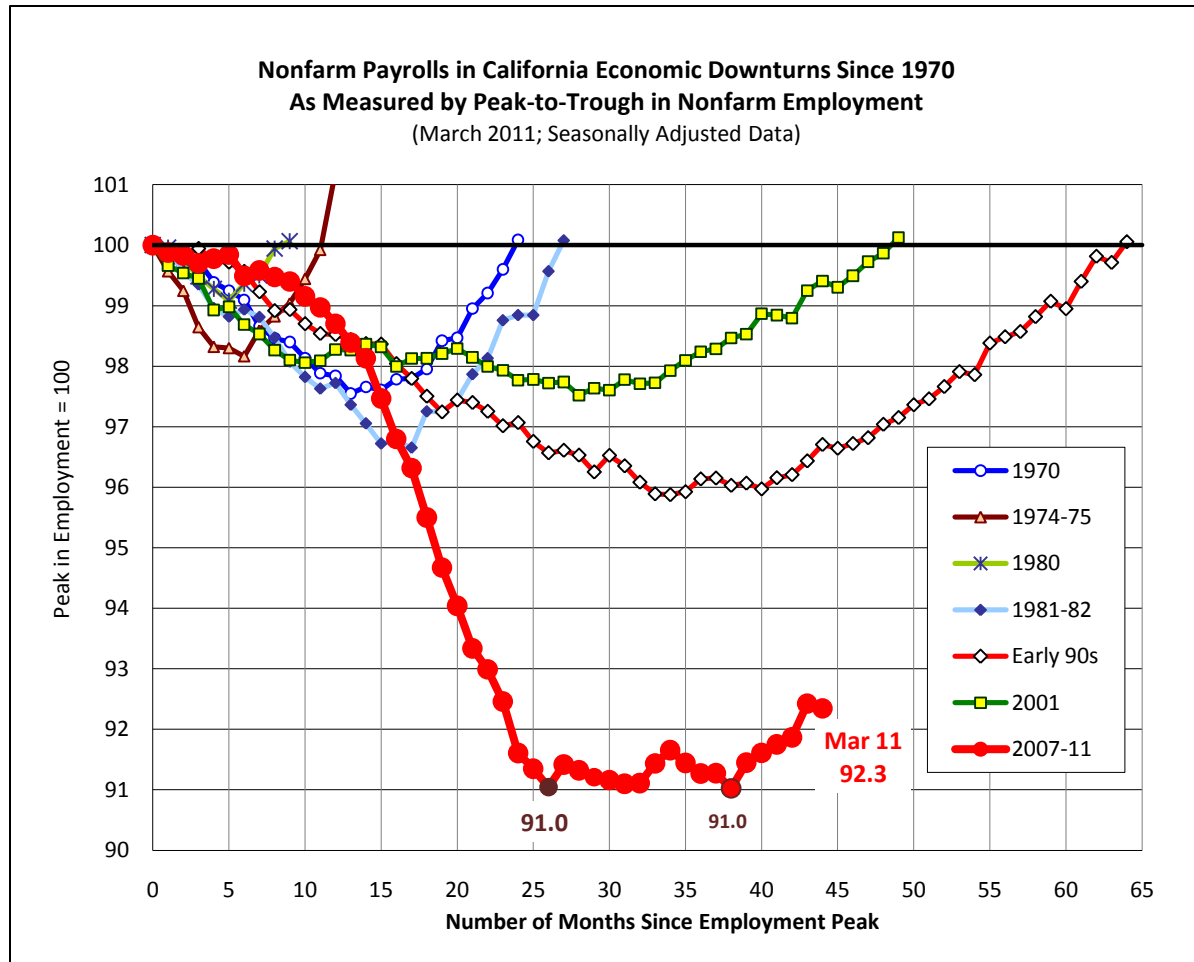
Amount Requested:	\$600,717
Applicant's Maximum Possible Investment Amount:	652,232
Principal Remaining:	403,374

### Other Applicant Information

Applicants' Asset Amount	\$22,140,975
Applicants' RWA	16,515,603
Bank holding company:	18
Bank:	30

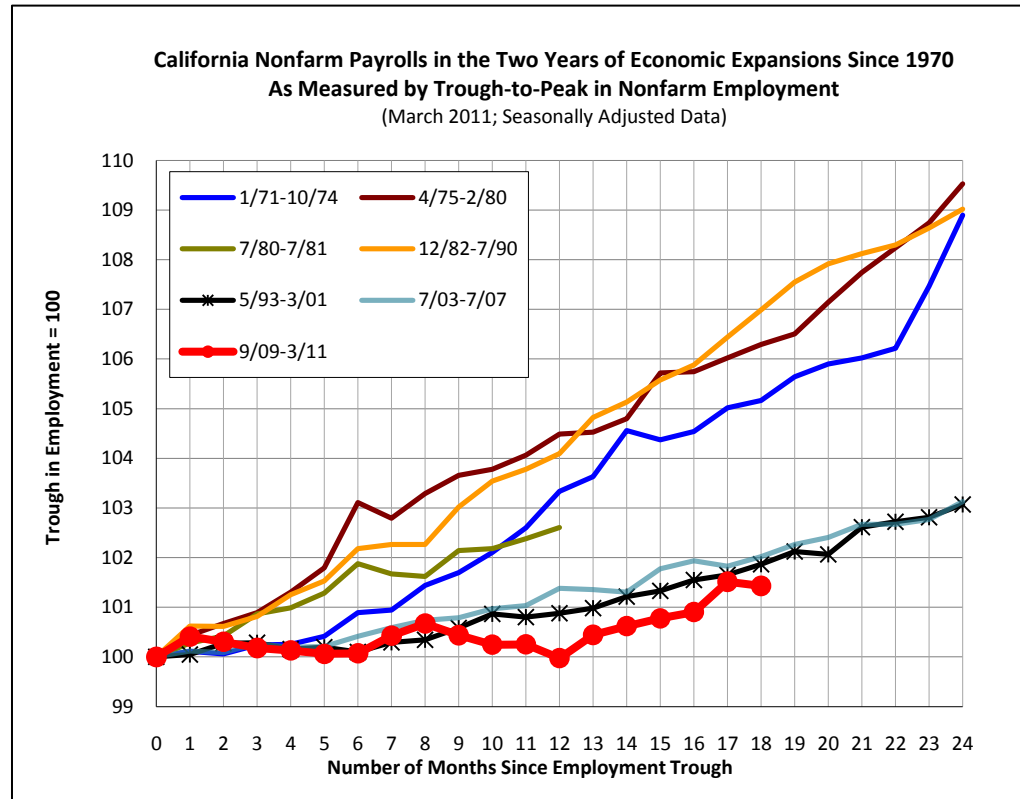
# Nonfarm Payrolls in California

## Economic Downturns Since 1970



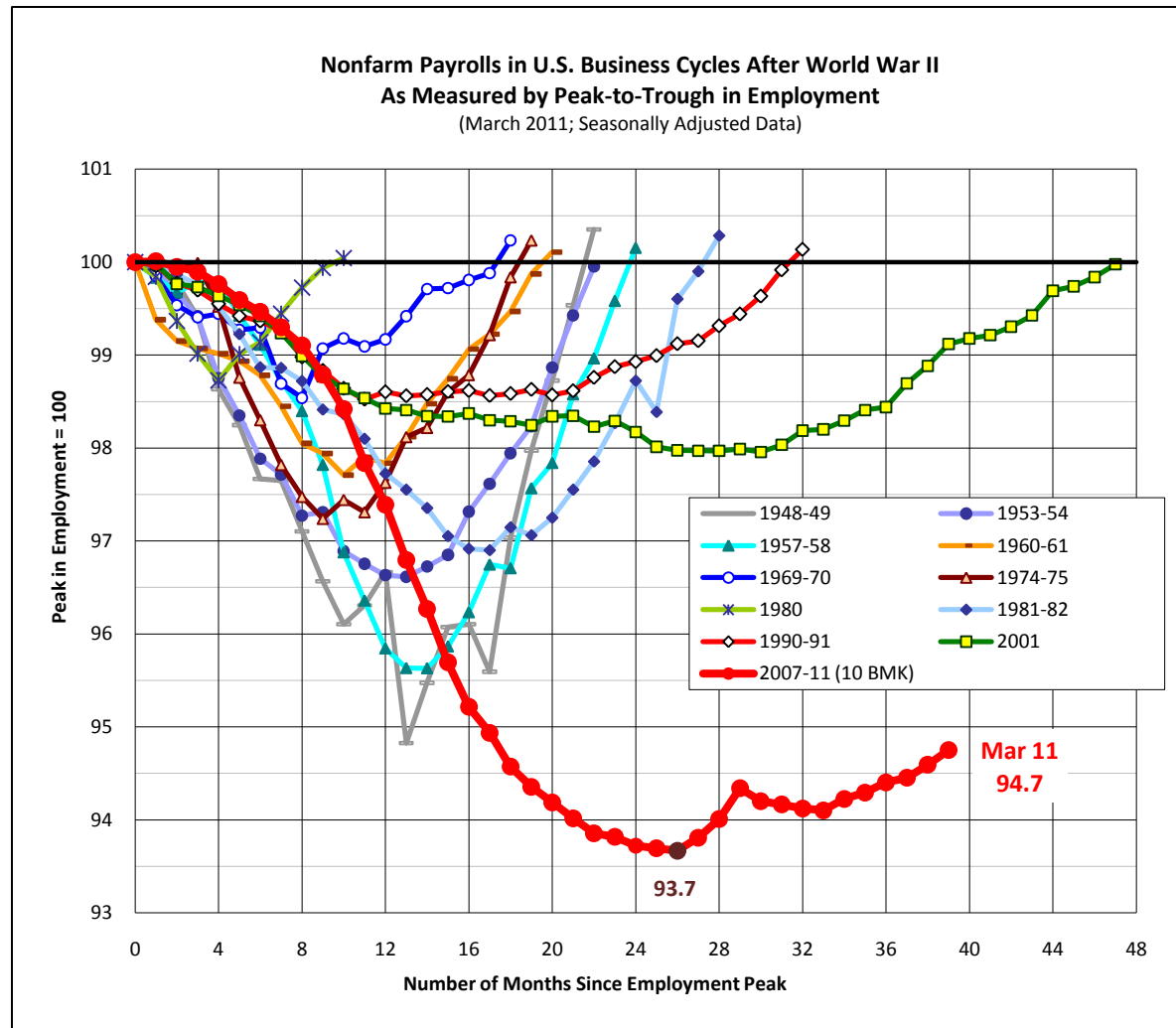
# California Nonfarm Payrolls

## In Two Years of Economic Expansion Since 1970



# Nonfarm Payrolls in U.S. Business Cycles After World War II

## After World War II



# Nonfarm Payrolls in the First Two Years Each U.S. Economic Expansion Since 1949

